

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2554

February 27, 2014

SUMMARY OF BILL: Adds commissioned park rangers employed with the Department of Environment and Conservation (TDEC) to those state employees with a mandatory retirement age and provides for these employees to be eligible for the supplemental bridge retirement benefit that is afforded to other commissioned law enforcement workers with mandatory retirement requirements.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$391,500

Increase Federal Expenditures – \$130,500

Other Fiscal Impact – The total lump sum pension liability to the Tennessee Consolidated Retirement System (TCRS) is estimated to be \$4,547,000.

Assumptions:

- TCRS provides retirement benefits for retired state employees, retired teachers, and retired local government employees.
- Based upon information provided by TCRS, and relative to TDEC employees covered by the bill, this bill will increase the lump sum pension liability of TCRS by approximately \$4,547,000.
- TCRS typically utilizes a 20-year horizon, pursuant to Tenn. Code An. § 3-9-103(b), and a 7.5 percent interest rate, pursuant to Tenn. Code Ann. § 8-34-505, when estimating annual amortized payments of pension benefits. The estimated annual amortized payment derived from these assumptions is used when TCRS cannot reasonably determine the specific members impacted by the proposed legislation.
- According to TCRS, staff was able to determine the specific TDEC employees that will be impacted by this legislation. As a result, a more accurate estimate for the annual amortized payment of pension benefits can be obtained. TCRS indicates that the annual amortized payment of pension benefits will be approximately \$522,000 relative to these specific TDEC employees.

- Retirement benefits for retired state employees are funded 75 percent with state funds and 25 percent with federal funds. Therefore, a recurring increase in state expenditures of \$391,500 ($\$522,000 \times 75.0\%$); a recurring increase in federal expenditures of \$130,500 ($\$522,000 \times 25.0\%$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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